

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1496-03  
Bill No.: Perfected HCS for HB 579  
Subject: Hospitals; Licenses-Professional; Department of Health and Senior Services  
Type: Original  
Date: April 20, 2011

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**Bill Summary:** This legislation changes various provisions regarding the licensure and inspection of hospitals. This legislation allows providers to include any retrieval fee for outsourced records storage service in the fee for release of medical records. This legislation establishes the Sickle Cell Disease Task Force to study and make recommendations regarding the impact of sickle cell disease on urban communities, examine existing services, and address any needs (the provisions of the legislation will expire December 31, 2013). This legislation authorizes the MO HealthNet Division to implement a statewide dental delivery system for the provision of services under the MO HealthNet program. This legislation extends the sunset on the Missouri Rx Program to 2016 (this legislation will sunset on August 28, 2016). This proposal allows the imposition of a hospital district sales tax in lieu of a property tax to fund certain hospital districts.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |                            |                            |                            |
|---|----------------------------|----------------------------|----------------------------|
| FUND AFFECTED   | FY 2012                    | FY 2013                    | FY 2014                    |
| General Revenue   | Up to (\$4,056,653)        | Up to (\$5,042,406)        | Up to (\$5,223,052)        |
|   |                            |                            |                            |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>Up to (\$4,056,653)</b> | <b>Up to (\$5,042,406)</b> | <b>Up to (\$5,223,052)</b> |

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 19 pages.

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|
| <b>FUND AFFECTED</b>                                   | <b>FY 2012</b>        | <b>FY 2013</b>        | <b>FY 2014</b>        |
| Missouri Rx Plan Fund                                  | (\$19,602,166)        | (\$19,602,166)        | (\$19,602,166)        |
| Missouri Public Health Services                        | \$0                   | \$8,396               | \$18,897              |
| <b>Total Estimated Net Effect on Other State Funds</b> | <b>(\$19,602,166)</b> | <b>(\$19,593,770)</b> | <b>(\$19,583,269)</b> |

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2012</b> | <b>FY 2013</b> | <b>FY 2014</b> |
| Federal*  | \$0            | \$0            | \$0            |
|   |                |                |                |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

\*Income and cost would net to \$0.

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2012</b> | <b>FY 2013</b> | <b>FY 2014</b> |
| Missouri Public Health Services                           | 0 FTE          | 2 FTE          | 2 FTE          |
|   |                |                |                |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0 FTE</b>   | <b>2 FTE</b>   | <b>2 FTE</b>   |

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS |         |         |         |
|-------------------------------------|---------|---------|---------|
| FUND AFFECTED                       | FY 2012 | FY 2013 | FY 2014 |
| Local Government                    | \$0     | \$0     | \$0     |

FISCAL ANALYSIS

ASSUMPTION

**Sections 144.032 & 205.205:**

In response to a similar proposal from this year (HB 298), officials from the **Office of Secretary of State** and the **State Tax Commission** assume that there is no fiscal impact from this proposal.

In response to a similar proposal from this year (HB 298), officials from the **Iron County Commission** state the County concurs with the information provided by the Iron County Hospital in regards to the fiscal impact of this legislation.

In response to identical legislation filed this session (SB 117, 0835-02), officials from the **Iron County Hospital** stated in the event a sales tax is approved in Iron County, the financial ramifications will have a tremendously positive impact on the current financial situation the hospital is in. Since the hospital opened its doors in 2006, the hospital has experienced massive amounts of debt primarily due to the fact the hospital did not have any operating cash to operate the hospital and therefore starting out in a deficit that it has to recover from. The hospital currently has aged account payables in excess of \$3.4M.

The approval of a sales tax will allow the hospital to not only have an impact in addressing the current outstanding debt issues but it will also allow the hospital to purchase necessary equipment that is much needed in order to provide the necessary medical services and procedures.

ASSUMPTION (continued)

In response to a similar proposal from this year (HB 298), officials from the **Department of Revenue (DOR)** state the response to a proposal similar or identical to this one in a previous session indicated DOR planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the DOR's resources and budget. Therefore, DOR officials also provided an estimate of the IT cost to implement the proposal.

In response to a similar proposal from this year (HB 298), officials from the **Office of Administration, Information Technology Services Division (ITSD/DOR)** state that implementing the IT portion of this proposal is estimated with a level of effort valued at \$26,712 (1008 FTE hours X \$26.50 per hour).

**Oversight** assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

**Oversight** assumes this proposal authorizes hospital districts located within Iron County to abolish their existing property tax levies and, upon voter approval, impose a sales tax of up to one percent to fund the district. Oversight assumes if the voters were to approve a sales tax there would be revenue generated as well as costs related to holding an election. There would also be a reduction of revenue in hospital property tax.

**Oversight** assumes if the citizens would approve a sales tax to fund the hospital district, the Department of Revenue would retain a 1% collection fee which would be deposited into the State's General Revenue Fund.

The tax must receive voter approval before it could be implemented; therefore, **Oversight** assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.

**Section 191.227:**

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** and **Department of Social Services (DSS) - Research and Evaluation (R&E)** assume the proposal would have no fiscal impact on their respective agencies.

ASSUMPTION (continued)

Officials from the **Department of Mental Health** state the Department projects that costs for these fees would be minimal and absorbed in existing appropriations. No fiscal impact.

In response to a similar proposal from this year (HB 580), officials from the **Department of Health and Senior Services (DHSS)** states various programs throughout the DHSS are required to obtain copies of medical records for various reasons such as verifying eligibility for services, periodically reviewing medical conditions, etc. With this change, the Department could potentially see an increase in the amounts that would be reimbursed to providers that supply medical records.

The Department assumes that the number of medical records obtained from off-site records storage is unknown, but expected to be minimal. As a result, the Department assumes a fiscal impact of (\$0 to Unknown, < \$100,000).

**Oversight** assumes, because the potential for increase in medical record fees is speculative, that the DHSS will not incur significant costs related to this proposal. If a fiscal impact were to result, the DHSS may request additional funding through the appropriations process.

In response to a similar proposal from this year (HB 580), officials from the **DSS - Children's Division (CD)** do not anticipate a significant fiscal impact as the result of this proposed legislation. Any increase would be minimal and be absorbed by the Division.

In response to a similar proposal from this year (HB 580), officials from the **DSS - MO HealthNet Division (MHD)** assume additional cost would be incurred if the proposed legislation passes. The MHD would pay the retrieval fee. However, the cost is minimal and it is assumed the cost would be covered by the current appropriation.

In FY 09, six providers billed MO HealthNet for medical records. In FY 10, nine providers billed MO HealthNet for medical records. The average number of billings is eight .

The estimated retrieval fee is \$17.79. This is the average retrieval rate of the 19 states where a fee is charged. A trend factor of 3.6% is applied to the out years.

FY 12:  $8 \times \$17.79 = \$142.32$ .

FY 13:  $\$142.32 \times 3.6\%$  (trend factor) = \$147.44.

FY 14:  $\$147.44 \times 3.6\%$  (trend factor) = \$152.75.

ASSUMPTION (continued)

In response to a similar proposal from this year (HB 580), officials from the **DSS - Division of Legal Services (DLS)** state current law allows a health care provider to condition the furnishing of medical records on the payment of a fee to cover costs of copying, postage and notary services. The legislation would amend current law to also include any retrieval fee charged by an outsourced records storage service with which the health care provider has contracted for off-site records storage and management in the fee medical care providers can charge in providing medical records. The DLS regularly obtains medical records in the course of its investigations and litigation and therefore the potential fiscal impact upon DLS could be substantial. The potential fiscal impact upon DLS is difficult, if not impossible, to forecast due to fluctuations in the workflow. However, because the Division regularly obtains medical records in the course of its investigations and litigation, it is presumed that said fiscal impact would presumably be Unknown less than \$100,000.

**Oversight** assumes, because the potential for increase in medical record fees is speculative, that the DLS will not incur significant costs related to this proposal. Also, Oversight believes DLS could access medical records from FSD. If a fiscal impact were to result, the DLS may request additional funding through the appropriations process.

In response to a similar proposal from this year (HB 580), officials from the **DSS - Family Support Division (FSD)** state FSD reviews the health care records of an average of 4,131 applicants and recipients each month to determine initial or continued eligibility for the Temporary Assistance and MO HealthNet programs. These reviews may contain information from one or more health care providers; however, the FSD is unable to determine how many separate health care records are obtained per month. The FSD is not able to determine the number of health care records that would be obtained from health care providers utilizing off-site records storage services. For the purposes of this fiscal note, the FSD assumes one health care record per review for a total of 49,572 (4,131 x 12) health care records obtained per year. If 10% of these records were obtained from health care providers that use an off-site records storage service, the FSD would incur retrieval costs for 4,957 health care records per year. Based on cost data available for two health care records retrieval companies, the average retrieval cost per record is \$31.48 ( $\$29.95 + \$33.00 = \$62.95 / 2 = 31.475$ , rounded up to \$31.48). At this cost per record, the FSD would incur a cost of \$156,046.36 (4,957 x \$31.48).

Therefore, the FSD anticipates the cost of this proposed bill to be unknown but greater than \$156,046.

ASSUMPTION (continued)

**Oversight** assumes, because the potential for increase in medical record fees is speculative, that the FSD will not incur significant costs related to this proposal. Therefore, **Oversight**, has for fiscal note purpose only, removed the language “unknown but greater than” and replaced the language with “up to”. If a greater fiscal impact were to result, the FSD may request additional funding through the appropriations process.

**Section 191.305 & 191.310:**

In response to a similar proposal from this year (HB 418), officials from the **Missouri House of Representatives, Department of Health and Senior Services** and the **Missouri Governor** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Missouri Senate** assume the proposal would have no fiscal impact on their agency.

**Section 191.334:**

In response to a similar proposal from this year (HB 838), officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

In response to a similar proposal from this year (HB 838), officials from the **Department of Social Services-MO HealthNet Division (MHD)** states this legislation requires the DHSS to add pulse oximetry screening to the current newborn screening requirements. Pulse oximetry is a

ASSUMPTION (continued)

non-invasive test that monitors the oxygenation levels in a patient's hemoglobin. For infants, the test is usually done by placing a sensor on the infant's foot.

This is a test that is routinely given prior to discharge from the hospital. The cost for the test is part of the per diem paid to the hospital. Therefore, there will be no fiscal impact to the Hospital or Physician programs due to this provision.

Normally, the MHD is billed by the state lab for the laboratory portion of newborn screenings and pays the federal portion of the cost while the DHSS pays for the general revenue portion.

While the DHSS will increase the cost of the newborn screening by \$2.00 to cover the cost of the pulse oximetry, the pulse oximetry is not considered part of the laboratory portion of the screening, therefore, the state lab will not bill MHD for it.

There will not be a fiscal impact to the MHD for this legislation.

In response to a similar proposal from this year (HB 838), officials from the **Department of Health and Senior Services** assumes that tracking and follow-up of this screening procedure is required to be performed by the Department as a result of placing the proposed legislation in Section 191.331, RSMo, which deals with newborn screening requirements.

Based on an estimated incidence of critical congenital heart disease of 170 per 100,000 live births, it is anticipated there would be approximately 134 infants per year in Missouri who would have critical congenital heart disease (17 per 10,000 births with congenital heart disease X 79,000 births per year in Missouri =134). There may be several thousand repeats that would be submitted, but a reasonable estimate cannot be given because of unfamiliarity and lack of information concerning this proposed screening. Source of estimate on the incidence of congenital heart defects is the magazine Pediatrics; Volume 118, Number 4 October 2006: e1250 – e1256. Report of the Tennessee Task Force on Screening Newborn Infants for Critical Congenital Heart Disease.

A Health Program Representative II (HPR II, grade A21 - \$33,420) would be needed to track and follow-up on those infants who have had an abnormal pulse oximetry result to ensure they are entered into a system of health care. The job duties will consist of:

- informing hospitals of the legislation;
- training hospital personnel on how to report and complete the newborn screening form that pertains to documenting pulse oximetry results;
- following up on abnormal pulse oximetry results to ensure that the newborn has been treated and is in a system of health care;

ASSUMPTION (continued)

- developing program rules that designate how the hospitals are to report results and what results are to be reported;
- developing informational materials for hospitals to give to parents explaining the need for the screen and how the screening is done (100,000 x \$.04);
- mailing out program evaluations to parents for their input on how to improve the program;
- recruiting a pediatric cardiologist to become a member of the Newborn Screening Standing Committee;
- collecting data from screening and reporting this information to the newborn screening committee;
- working with Office of Administration, Information Technology Services Division (ITSD) staff to add pulse oximetry screening results and diagnosis, tracking and follow-up elements to the MOHSAIC data system; and
- run monthly reports to find those newborns that did not have a pulse oximetry screen completed so the family can be contacted and have them return for the screen.

An Office Support Assistant (OSA, keyboarding, grade A09 - \$21,984) is required to enter the results of the pulse oximetry screen into MOHSAIC. The OSA will open and sort approximately 79,000 envelopes and newborn screening forms and enter approximately 79,000 pulse oximetry results into MOHSAIC (the number is based on approximately 79,000 births in Missouri in 2009).

Adding this screening to the existing newborn screening requirements will require the State Public Health Laboratory, Newborn Screening Unit to add a new form to the newborn screening packet. It is estimated to cost for the new forms will be \$0.12 per form. DHSS assumes 110,000 will be ordered printed the first year at a cost of \$13,200 ( $\$0.12 \times 110,000$ ), and 80,000 forms will be ordered printed each year thereafter at a cost of \$9,600 ( $\$0.12 \times 80,000$ ).

ITSD will need to make changes to the existing data system that captures newborn screening information to expand the newborn screening requirements to include pulse oximetry screening results. One IT Consultant would be needed to provide high-level database and programming skills for the application (520 hours x \$69.00 per hour, which is consistent with existing statewide IT Consulting contract). This results in an estimated \$35,880 cost for the first year. No costs are anticipated for succeeding years.

Currently the DHSS charges a fee to hospitals for specimen collection forms to recoup costs for testing and administering the Newborn Screening Program. DHSS assumes this fee will need increased by approximately \$2.00 to cover the additional costs required to implement this

ASSUMPTION (continued)

legislation. However, the current fee cannot be increased without an amendment to 19 CSR 25-36.010. This process generally takes six months to a year to complete; therefore, DHSS assumes additional fee revenue to cover the provisions under this legislation will not be available until FY 2013. Since the legislation has an implementation date of January 1, 2012, DHSS assumes General Revenue will be needed in the first year to make needed system modifications, work with hospitals on the new testing and reporting requirements, and implement the new testing requirements on January 1, 2012. It is assumed funding for the program after the first year will be paid from fee revenue, which will be deposited in the Missouri Public Health Services Fund.

**Oversight** assumes the DHSS could absorb the additional caseload that may result from this proposal within existing resources for FY12. Oversight believes since the program starts January 1, 2012 the majority of the responsibilities listed for the 2 FTE from DHSS's response would probably not be incurred until FY13. Therefore, Oversight assumes the DHSS could absorb two FTE for FY12.

**Sections 197.071, 197.080, 197.100 & 536.031:**

Officials from the **Department of Mental Health** and the **Office of Administration-Administrative Hearing Commission** each assume the proposal would have no fiscal impact on their respective agencies.

In response to a previous version of this proposal, officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

ASSUMPTION (continued)

In response to a previous version of this proposal, officials from the **Department of Social Services** assume this legislation changes various provisions regarding the licensure and inspection of hospitals. There is a possibility of administrative cost savings to a hospital as a result of less time involved in inspections if the Department of Health and Senior Services (DHSS) reduces the number of inspections or combines them with other processes which are performed by DHSS or other authorized agencies. These requirements may result in a cost savings to hospitals, but the amount is unknown.

MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. Since the first requirement is effective August 28, 2011, the reduced cost would begin to be reflected in 2011 cost reports. MO HealthNet would use 2011 cost reports to establish reimbursement for SFY15. Therefore there would not be a fiscal impact to the MO HealthNet Division for FY12, FY13 and FY14, but starting FY15 there could be a cost savings, but the amount is unknown.

In response to a previous version of this proposal, officials from the **Department of Health and Senior Services (DHSS)** states section 197.080.2 of the proposed legislation would require the DHSS to review and revise hospital licensure and enforcement regulations in order to promote hospital and regulatory efficiencies and eliminate duplicative regulations and inspection by state and federal agencies. DHSS, Division of Regulation and Licensure (DRL) is currently involved in a comprehensive review and revision of the existing hospital regulations and therefore assumes there to be no fiscal impact to implement the rule review/revision part of the proposed legislation.

Section 197.080.2(1) of the proposed legislation states that each finding of a regulatory deficiency must refer to the associated written interpretive guidance that forms the basis for the citation. There are currently no interpretive guidelines for state regulations. Such guidelines would have to be developed and updated on a continuous basis. One Health Facilities Nursing Consultant position will be required in order to analyze all hospital-related rules (currently 48 rules), research and write the initial set of interpretive guidelines, and provide continuous updates. Standard expense and equipment costs are included for the new position.

Section 197.080.2(3)(d) would require DHSS to provide a report of all complaints made against the hospital. The report must include the nature of the complaint, the date of the complaint, the department conclusions regarding the complaint, the number of investigators and days of investigation resulting from each complaint. The department assumes this function can be absorbed with existing resources.

ASSUMPTION (continued)

Section 197.080.2(4) would require DHSS to designate sufficient resources to the annual inspection of hospitals necessary for licensure, including but not limited to resources for consultation services and collaboration with hospital personnel to facilitate improvements. As a result of this provision, the department would need one additional health care regulatory supervisor, two health facility consultants (telecommuters), and five health facility nursing consultants (telecommuters). These additional positions would fulfill the needs related to performing annual hospital licensure inspections as well as the consulting and collaboration requirements of this proposal.

Section 197.080.2(5) would require DHSS to provide hospital and hospital representatives the opportunity to participate in annual training sessions provided to state licensure surveyors at least annually. This section also states that hospitals and hospital representatives shall assume all costs for their participation and use of curriculum materials. The Department currently provides an annual surveyor training session each fall. Only select industry members are invited to attend due to cost factors and facility requirements. If this proposal were to pass, DHSS would be required to provide a training session to accommodate the entire hospital industry and any representatives of the industry. At present, there are 153 licensed hospitals in Missouri. At a minimum, space and materials for the training would need to accommodate 153 additional attendees. DRL assumes that the Department would be allowed to charge a registration fee to all hospital and hospital representatives to cover all costs associated with the training. This fee would include such costs as meeting room rental, audio-visual equipment, copying of materials, provided meals and breaks, etc. DRL assumes this fee would cover all costs associated with their attendance, therefore there is assumed to be no fiscal impact related to this requirement.

The proposed legislation's changes to Section 197.100.1 would require the DHSS to accept reports of hospital inspections from other governmental and recognized accrediting organizations in lieu of annual state inspections. Currently, licensure inspections are performed simultaneously during certification surveys mandated by CMS or incorporated with complaint investigations. Since these activities would still continue, there is considered to be no cost savings associated with accepting these reports instead of doing a state inspection.

**Oversight** assumes the DHSS could absorb the additional guideline caseload that may result from this proposal-Section 197.080.2(1) within existing resources. Oversight assumes the DHSS is already inspecting hospitals and has consultation time with the hospitals and would not need 8 FTE for Section 197.080.2(4). Therefore, Oversight assumes the DHSS could absorb Nine FTE. Oversight assumes any significant increase in the workload of the DHSS would be reflected in future budget request.

ASSUMPTION (continued)

Officials from the **Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Memorial Hospital, Putnam County Memorial Hospital, Washington County Memorial Hospital** and the **Excelsior Springs Medical Center** each have not responded to Oversight's request for fiscal information.

**Section 208.240:**

In response to a similar proposal from this year (HB 201), officials from the **Department of Health and Senior Services** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** assumes while this legislation allows MO HealthNet to implement a statewide dental delivery system, it does not provide coverage to additional Medicaid participants. If implemented, the DMH clients may have more access to dental providers that accept Medicaid. Many of DMH's facilities have a dentist on staff which provides dental care to DMH clients. DMH does purchase minimal dental services for clients. If these services are received and covered in the proposed legislation, there could be a minimal savings to DMH.

In response to a similar proposal from this year (HB 201), officials from the **Department of Social Services** states under the Administrative Services Only (ASO) model, a single entity would enter into an agreement with the Mo HealthNet Division (MHD) to administer the program. The contractor would be responsible and reimbursed for setting up a network of dental providers, fielding provider and client complaints, providing quality assurance, and handling other administrative work. This arrangement would be a new cost to the MHD. Projected Per Member Per Month (PMPM) cost is \$.54/month.

The current count of Medicaid eligible - adults and children is 899,022.

MHD assumes current Medicaid eligibles would receive dental services at current coverage-children, pregnant women, blind persons and nursing facility residents will have full coverage and all others have a limited dental package of prescribed medically necessary services.

The annual cost is \$5,825,663 (899,022 x \$.54 x 12). Since all eligibles would receive services under this model, the current dental administration for managed care eligibles (\$387,374) has been subtracted to arrive at the additional cost \$5,438,289 (\$5,825,663 - \$387,374).

ASSUMPTION (continued)

A 15% increase in utilization is expected. The FY10 dental payments were multiplied by 15% to arrive at the projected increase of \$7,609,905.

Projected annual cost: \$5,438,289 + \$7,609,905 = \$13,048,194.

A 3.6% trend was added to FY13 and FY14.

FY12 (10 months): \$10,873,495 (\$3,991,660 GR); FY13: \$13,517,929 (\$4,962,432 GR) and FY14: \$14,004,574 (\$5,141,079 GR).

The cost is shown as a range from zero to the maximum cost because the language in the legislation is permissive.

Also, the total fiscal impact assumes that all Medicaid recipients--both those with a full benefit package and those with a limited dental package--would be enrolled in the ASO model. There are 590,323 individuals with a full dental benefit package. If only those with the full package were enrolled in the ASO, the annual cost would be reduced to \$10,343,799\*.

\*This cost includes the \$.54 PMPM ASO cost and the 15% increased utilization for this group only, along with a reduction for current managed care administration for dental services.

**Section 208.798:**

In response to a similar proposal from this year (HB 196), officials from the **Department of Health and Senior Services** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** assumes there would be no fiscal impact should the sunset be extended to August 28, 2016.

DMH has approximately 42,779 consumers in the Divisions of Comprehensive Psychiatric Services (CPS) and Developmental Disabilities (DD) that are dual-eligibles. DMH assumes should the Missouri RX program sunset August 28, 2011, these 42,779 DMH consumers or the DMH would have to pay for the co-pays for prescription drugs that Missouri RX currently pays. According to DSS data, a dual-eligible uses approximately 7 prescriptions per month (per Table 23 of the FSD/MHD Monthly Management Report). The co-pays that Missouri RX currently pays are \$1.25, \$2.50, or \$3.15. Therefore, DMH assumes that if this sunset is not extended, the cost to DMH consumers or DMH would be greater than \$4,491,795 (7 prescriptions x 12 months x 42,779 consumers x \$1.25).

SEC:LR:OD (12/02)

ASSUMPTION (continued)

In response to a similar proposal from this year (HB 196), officials from the **Department of Social Services** have not responded to Oversight's request for fiscal information.

**Oversight** states the Missouri Rx Plan has been appropriated \$19,602,166 annually from FY 2007 through FY 2010. Therefore, Oversight assumes a fiscal impact of \$19,602,166.

| <u>FISCAL IMPACT - State Government</u>                      | FY 2012<br>(10 Mo.)                       | FY 2013                                   | FY 2014                                   |
|--|---|---|---|
| <br><b>GENERAL REVENUE FUND</b>                              |   |   |   |
| <u>Costs - Department Social Services</u>                    |   |   |   |
| Program Costs - Section 191.227                              | <u>Up to (\$64,993)</u>                   | <u>Up to (\$79,974)</u>                   | <u>Up to (\$81,973)</u>                   |
| <br><u>Costs - Department Social Services</u>                |   |   |   |
| Program Costs - Section 208.240                              | <u>\$0 to<br/>(\$3,991,660)</u>           | <u>\$0 to<br/>(\$4,962,432)</u>           | <u>\$0 to<br/>(\$5,141,079)</u>           |
| <br><b>ESTIMATED NET EFFECT ON<br/>GENERAL REVENUE FUND</b>  | <br><b><u>Up to<br/>(\$4,056,653)</u></b> | <br><b><u>Up to<br/>(\$5,042,406)</u></b> | <br><b><u>Up to<br/>(\$5,223,052)</u></b> |
| <br><b>MISSOURI RX PLAN FUND</b>                             |   |   |   |
| <u>Costs - Department Social Services</u>                    |   |   |   |
| Program Costs - Section 208.798                              | <u>(\$19,602,166)</u>                     | <u>(\$19,602,166)</u>                     | <u>(\$19,602,166)</u>                     |
| <br><b>ESTIMATED NET EFFECT ON<br/>MISSOURI RX PLAN FUND</b> | <br><b><u>(\$19,602,166)</u></b>          | <br><b><u>(\$19,602,166)</u></b>          | <br><b><u>(\$19,602,166)</u></b>          |

**MISSOURI PUBLIC HEALTH SERVICES FUND**

Income - Department of Health and Senior Services-Section 191.334

|                |            |                  |                  |
|----------------|------------|------------------|------------------|
| Screening Fees | <u>\$0</u> | <u>\$158,000</u> | <u>\$158,000</u> |
|----------------|------------|------------------|------------------|

Costs - Department of Health and Senior Services-Section 191.334

|                           |            |                    |                    |
|---------------------------|------------|--------------------|--------------------|
| Personal Service          | \$0        | (\$54,164)         | (\$54,706)         |
| Fringe Benefits           | \$0        | (\$28,404)         | (\$28,688)         |
| Equipment and Expense     | \$0        | (\$48,045)         | (\$36,528)         |
| Program Costs             | <u>\$0</u> | <u>(\$18,991)</u>  | <u>(\$19,181)</u>  |
| <u>Total Costs</u> - DHSS | <u>\$0</u> | <u>(\$149,604)</u> | <u>(\$139,103)</u> |
| FTE Change - DHSS         | 0 FTE      | 2 FTE              | 2 FTE              |

**ESTIMATED NET EFFECT ON MISSOURI PUBLIC HEALTH SERVICES FUND**

|            |                |                 |
|------------|----------------|-----------------|
| <u>\$0</u> | <u>\$8,396</u> | <u>\$18,897</u> |
|------------|----------------|-----------------|

Estimated Net FTE Change for Missouri Public Health Services Fund

|       |       |       |
|-------|-------|-------|
| 0 FTE | 2 FTE | 2 FTE |
|-------|-------|-------|

**FEDERAL FUNDS**

Income - Department of Social Services  
 Federal Assistance - Section 191.227

|                       |                       |                       |
|-----------------------|-----------------------|-----------------------|
| <u>Up to \$64,993</u> | <u>Up to \$79,974</u> | <u>Up to \$81,973</u> |
|-----------------------|-----------------------|-----------------------|

Income - Department of Social Services  
 Federal Assistance - Section 208.240

|                           |                           |                           |
|---------------------------|---------------------------|---------------------------|
| <u>\$0 to \$6,881,835</u> | <u>\$0 to \$8,555,497</u> | <u>\$0 to \$8,863,495</u> |
|---------------------------|---------------------------|---------------------------|

Costs - Department of Social Services  
 Program Costs - Section 191.227

|                         |                         |                         |
|-------------------------|-------------------------|-------------------------|
| <u>Up to (\$64,993)</u> | <u>Up to (\$79,974)</u> | <u>Up to (\$81,973)</u> |
|-------------------------|-------------------------|-------------------------|

Costs - Department of Social Services  
 Program Costs - Section 208.240

|                             |                             |                             |
|-----------------------------|-----------------------------|-----------------------------|
| <u>\$0 to (\$6,881,835)</u> | <u>\$0 to (\$8,555,497)</u> | <u>\$0 to (\$8,863,495)</u> |
|-----------------------------|-----------------------------|-----------------------------|

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

|            |            |            |
|------------|------------|------------|
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
|------------|------------|------------|

| <u>FISCAL IMPACT - Local Government</u> | FY 2012<br>(10 Mo.) | FY 2013    | FY 2014    |
|---|---------------------|------------|------------|
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

**Sections 144.032 & 205.205:**

Small business located in a hospital district in Iron County that elects to impose a sales tax will be required to collect and remit the additional sales tax.

**Section 191.227:**

The proposal may impact small businesses that periodically or regularly obtain medical records in their regular course of business.

**Section 191.334:**

It will require all birthing hospitals and birthing centers to have a pulse oximeter to screen infants for low oxygen levels that can be indicative of congenital heart defects.

**Sections 197.071, 197.080, 197.100 & 536.031:**

The legislation requires the Department of Health and Senior Services (DHSS) to provide the opportunity for hospitals and their representatives to participate in annual training sessions provided by state licensure surveyors. Some hospitals may meet the definition of a small business and would therefore need to assume all costs associated with the participation in this training as stated in the proposal.

FISCAL DESCRIPTION

**Section 191.227:**

This proposal allows a health care provider to include in the fee charged to a patient for a copy of his or her medical records any retrieval fee charged by an outsourced records storage service with which the provider has contracted for off-site records storage and management.

FISCAL DESCRIPTION (continued)

**Section 191.305 & 191.310:**

The proposed legislation establishes the Sickle Cell Disease Task Force within the Department of Health and Senior Services to assess the impact of sickle cell disease on urban communities, examine the existing services and resources to address the needs of people with the disease, and develop recommendations for educational services to schools on the traits of the disease and their effects. The task force will consist of 19 members, including one legislative member appointed by the Speaker of the House of Representatives and one by the President Pro Tem of the Senate.

The task force must meet in at least three urban regions of the state to receive public input and to examine trends in the state sickle cell disease populations and their needs, existing services and resources, needed state policies or responses, and the replacement of the genetic testing and counseling program which has been eliminated due to lack of funding. A report of the findings and any recommendations by the task force must be submitted to the Governor and General Assembly by December 31, 2011. The task force must continue to meet at least once each year and submit an annual supplemental report until December 31, 2013.

The provisions of the bill will expire December 31, 2013.

**Section 191.334:**

The proposed legislation establishes Chloe's Law which, subject to appropriations, requires the newborn screening requirements to include pulse oximetry screenings.

**Section 208.240:**

This legislation authorizes the MO HealthNet Division within the Department of Social Services, or a contractor of the Division, to implement a statewide dental delivery system to ensure recipient participation and access to providers of dental services under MO HealthNet.

**Section 208.798:**

The proposed legislation extends the expiration date on the provisions regarding the Missouri Rx Plan from August 28, 2011, to August 28, 2016.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration-Administrative Hearing Commission  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Mental Health  
Department of Health and Senior Services  
Department of Social Services  
Office of the Secretary of State  
Missouri Governor  
Missouri House of Representatives  
Missouri Senate  
Missouri Lieutenant Governor  
Department of Revenue  
State Tax Commission  
Iron County Hospital  
Iron County

**Not Responding: Bates County Memorial Hospital  
Cedar County Memorial Hospital  
Cooper County Memorial Hospital  
Putnam County Memorial Hospital  
Washington County Memorial Hospital  
Excelsior Springs Medical Center**



Mickey Wilson, CPA  
Director  
April 20, 2011